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for energy consumers

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Your Ref : 2020 – Peterborough Eye (Tee)
ExCS-Formal Notice

Email: max.lambert@ofgem.gov.uk

Date: 25 September 2020

Dear Paul,

Approval of National Grid Gas plc's ("NGG") proposal for exit capacity release and exit capacity substitution as set out in the Planning and Advanced Reservation of Capacity Agreement Exit Substitution & Baseline Revision (PARCA ExCS) Formal Notice in respect of Peterborough Eye (Tee) National Transmission System ("NTS") Exit Point

Thank you for your letter received on 1 September 2020 outlining your proposal to release remaining available NTS Exit (Flat) Capacity and to substitute NTS Non-Incremental Obligated Exit Capacity from Mappowder Distribution Network (DN) Exit point to Peterborough Eye (Tee) Exit Point in accordance with Special Condition 5G (Determination of Incremental Obligated Exit Capacity volumes and the appropriate revenue drivers to apply) of your gas transporter licence. We¹ have decided to approve this request.

Background

Exit Capacity Substitution is the process by which unsold baseline NTS Exit Capacity is moved from one or more NTS Exit Points (Donor Exit Points) to meet demand for new NTS Exit Capacity at another NTS Exit Point (Recipient Exit Point). Exit Capacity Substitution can avoid or defer the need for new investment to meet incremental capacity needs, and so help reduce the costs of gas transportation for gas customers.

The substitution proposal

Your letter sets out a proposal to substitute unsold NTS exit baseline capacity from Mappowder (DN) Exit point to Peterborough Eye (Tee) (DN) Exit Point. This is in response to a request for 3,021,303 kWh/d from 1st March 2021 of Enduring Annual NTS Exit (Flat) Capacity at Peterborough Eye (Tee) (DN) Exit Point made in the PARCA application on 25th October 2017. In particular, you propose to substitute the volumes of capacity as set out in the table below.

¹ The terms "we", "us" and "our" are used to refer to the Gas and Electricity Markets Authority.

Table 1: Substitution proposals

Recipient NTS Exit Point	Donor NTS Exit Point	Capacity Donated (kWh/d)	Capacity Received (kWh/d)	Exchange Rate (Recipient : Donor)
Peterborough Eye (Tee)	Mappowder	3,004,782	1,812,621	1.6577:1

The substitution will be effective as of 1 March 2021, and will change the capacity baselines at the Donor and Recipient points as set out in Table 2.

Table 2: Baselines at Donor and Recipient Points

NTS Exit Point	Type²	Recipient / Donor	Current Baseline (kWh/d)	Proposed Baseline (kWh/d)	Remaining unsold capacity (kWh/d)
Peterborough Eye (Tee)	DN	Recipient	21,534,205	23,346,826	0
Mappowder	DN	Donor	47,680,000	44,675,218	3,131,555 ³

Our decision

In your letter you give evidence that this proposal is in accordance with your licence⁴. We are content that the proposed Exit Capacity Substitution is consistent with your Exit Capacity Substitution and Revision Methodology Statement. The methodology aims to promote the economic and efficient development of the NTS, by seeking to minimise the amount of infrastructure investment to meet incremental demand for Exit Capacity.

We approve the proposal to substitute the capacity as set out in NGG's Exit Capacity Substitution and Baseline Revision Notice.

Yours sincerely,

David O'Neill

Head of Gas Systems

For and on behalf of the Gas and Electricity Markets Authority

² This describes the type of offtake, e.g. a Direct Connect (DC) or a Distribution Network (DN).

³ Does not take account of any bookings made during the July Exit Period.

⁴ Special Condition 5G.